

Message Text

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PAGE 01 NAIROB 14048 141921Z
ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00
PA-01 USIA-06 PRS-01 SP-02 EB-07 AID-05 /050 W
----- 127118 /21

R 141420Z DEC 76
FM AMEMBASSY NAIROBI
TO SECSTATE WASHDC 4756
INFO AMEMBASSY DAR ES SALAAM
AMEMBASSY ADDIS ABABA
AMEMBASSY MOGADISCIO
AMEMBASSY KHARTOUM
AMEMBASSY LONDON

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E.O. 11652: N/A
TAGS: PFOR, ECON, ENRG
SUBJECT: PRESIDENT KENYATTA'S INDEPENDENCE DAY SPEECH ON KENYAN
ECONOMIC SITUATION

1. SUMMARY: COMMEMORATING THIRTEEN YEARS OF INDEPE-

NDENCE, KENYATTA REVIEWED THE COUNTRY'S ECONOMIC
DIFFICULTIES AND ANNOUNCED THE PREPARATION OF A SESSIONAL
PAPER DEVOTED TO THE ROUTE TO ECONOMIC RECOVERY. NEW PROGRAMS
WILL INCLUDE RURAL ROAD CONSTRUCTION, RURAL INDUSTRIAL DEVELOPMENT
CENTERS, MULTI-PURPOSE COOPERATIVES TO FACILITATE DISTRIBUTION
OF FARM INPUTS. THE PRESIDENT ALSO CITED OIL PRICE INCREASES
AS A MAJOR IMPEDIMENT TO KENYAN ECONOMIC GROWTH AND HARFUL TO THE
INTERNATIONAL ECONOMIC SYSTEM. END SUMMARY.

2. PRESIDENT KENYATTA'S ANNUAL JAMHURI (INDEPENDENCE) DAY
SPEECH HIGHLIGHTED KENYA'S EFFORTS IN MOBILIZING DOMESTIC
RESOURCES FOR ECONOMIC DEVELOPMENT BUT WARNED THAT CURRENT
CHALLENGES POSED BY INCREASING OIL PRICES AND WORLD-WIDE
INFLATION WILL DEMAND EVEN GREATER SELF-SACRIFICE FROM
THE WHOLE NATION. KENYATTA CITED TWO SPECIFIC PROBLEMS
HAMPERING KENYA'S ATTEMPTS TO STIMULATE A STAGNATING
ECONOMY -- THE REPORTED INTENTIONS OF OIL-PRODUCING
NATIONS TO INCREASE PRICES IN JANUARY 1977 AND THE EFFECTS

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PAGE 02 NAIROB 14048 141921Z

OF PERSISTENT INTERNATIONAL INFLATION IN KENYA'S TERMS

OF TRADE. THE PRESIDENT TOOK NOTE OF OPEC'S CLAIMS THAT THE NEW PRICES WOULD NOT HARM THE WORLD ECONOMY BUT, DISAGREEING, STATED THAT THIS COULD ONLY BE AN AUTOMATIC RESULT.

3. THE PRESIDENT ALSO ANNOUNCED THAT A SESSIONAL PAPER ON KENYA'S ECONOMIC RECOVERY HAD BEEN PREPARED AND WILL BE SUBMITTED TO PARLIAMENT SHORTLY. PRIMARY EMPHASIS WILL BE ON RURAL DEVELOPMENT PROJECTS, WHICH HAVE BEEN RECEIVING THE BULK OF BUDGET FUNDING DURING THE 1974/78 PLANNING PERIOD.

4. OUTLINING FUTURE GOK-SPONSORED PROJECTS, KENYATTA MENTIONED THE CONSTRUCTION OF 14,000 KMS OF NEW RURAL ACCESS ROADS OVER THE NEXT FIVE YEARS, EXTENDED TRAINING PROGRAMS FOR THE NATIONAL YOUTH SERVICE, EMPHASIS ON VOCATIONAL EDUCATION CURRICULA IN TEACHERS COLLEGES, AND ESTABLISHMENT OF FOUR NEW INDUSTRIAL ESTATES. LATTER WILL BE SUPPLEMENTED BY PROPOSED ORGANIZATION OF 20 RURAL INDUSTRIAL DEVELOPMENT CENTERS. IN ORDER TO PROVIDE ADEQUATE EXTENSION AND DISTRIBUTION SERVICES TO THE GROWING NUMBER OF SMALL-HOLDERS SPAWNED BY KENYA'S LAND SETTLEMENT SCHEMES, KENYATTA ANNOUNCED GOK PLANS TO CREATE NETWORK OF MULTI-PURPOSE RURAL COOPERATIVES. SUCH UNITS WILL BECOME PRINCIPAL CHANNELS FOR DISTRIBUTION OF BASIC FARM INPUTS.

5. CONCLUDING HIS ADDRESS, THE PRESIDENT RECOGNIZED THAT, DESPITE SERIOUS EXTERNAL PRESSURES, KENYA MUST CONTINUE TO BE "OUTWARD-LOOKING" AND CONTRIBUTE TOWARDS WORLD UNDERSTANDING BASED ON PRINCIPLE OF MUTUAL RESPECT.

6. COMMENT: FOR AN OCCASION TRADITIONALLY DEVOTED TO THE "PULL-TOGETHER" MOTTO OF THE KENYAN INDEPENDENCE MOVEMENT, KENYATTA APPROPRIATELY TRANSLATED THE PRE-REPUBLIC THEMES OF POLITICAL FREEDOM INTO THE CONTEXT OF TODAY'S EXTERNAL THREATS TO ECONOMIC PROGRESS. FOR KENYATTA, THE STRUGGLE IS WITH "PROBLEMS NOT OF OUR OWN MAKING." NEVERTHELESS, KENYA'S FUTURE GROWTH DEPENDS TO AN EVEN GREATER EXTENT ON RESOLVING INTERNAL ECONOMIC LIMITED OFFICIAL USE

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PAGE 03 NAIROB 14048 141921Z

AND SOCIAL PROBLEMS UNCONNECTED WITH RECENT SHOCKS TO THE WORLD MONETARY SYSTEM. THE GOK POLICY RESPONSES, THOUGH, SEEM TO OFFER ONLY PARTIAL SOLUTIONS. PERHAPS THE UPCOMING SESSIONAL PAPER WILL OFFER MORE VIGOROUS GUIDELINES THAN ITS RATHER BLAND JAMHURI DAY INTRODUCTION.

DECON 12/14/77.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, ECONOMIC STABILITY, INDEPENDENCE CELEBRATIONS, SPEECHES, DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976NAIROB14048
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760460-1120
From: NAIROBI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761245/aaaabmiw.tel
Line Count: 116
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAY 2004 by BoyleJA>; APPROVED <15 SEP 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESIDENT KENYATTA'S INDEPENDENCE DAY SPEECH ON KENYAN ECONOMIC SITUATION
TAGS: PFOR, ECON, ENRG, KE, (KENYATTA, JOMO)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006